

## Participating in WorkSharing: What You Need to Know

### A Guide for Massachusetts Workers



#### **WorkSharing: A Win-Win Program for Massachusetts Workers and their Employers.**

The goal of the Massachusetts WorkSharing Program is to preserve the jobs of the Commonwealth's workers when it is necessary for their employers to cut payroll costs. WorkSharing is designed to help both employers and employees during a temporary slowdown in sales or production.

When an employer participates in WorkSharing, it allows workers to:

- keep their jobs,
- continue to receive company benefits, and
- utilize and develop their skills.

Instead of laying off workers, with WorkSharing, an employer reduces the work hours of a number of employees. While employees' wages are reduced with WorkSharing, they retain health insurance and other benefits – and the decrease in wages is partially offset by unemployment insurance benefits.

#### **An Overview of WorkSharing**

Under WorkSharing, employees collect a percentage of their unemployment insurance benefits equal to the percentage of the reduction in their wages and hours. All workers in the unit or units defined by the employer must share equally in the reduction of the normal weekly hours of work.

The reduction in hours may range from 10 percent to 60 percent.

The employees must work in a clearly defined group. The group can be the entire company, a facility, department, shift, job function or another definable unit with at least two employees.

**Here's an example:**

Your employer needs to cut payroll costs by 20 percent.

Under WorkSharing, your employer reduces workers' hours by 20 percent – perhaps to a four-day workweek – instead of laying off 20 percent of the workers.

The affected employees receive 20 percent of their regular unemployment insurance benefits, thereby largely offsetting their lost earnings.

Workers continue to receive regular wages for the hours they work in addition to their WorkSharing benefits.

**WorkSharing:  
Who's Eligible to Participate**

All Massachusetts employers are eligible to participate in the WorkSharing Program. This includes both large corporations with hundreds of workers and businesses with only two employees, non-profit as well as for profit, and even governmental entities.

Any workers who would be eligible to receive regular unemployment insurance benefits are eligible to participate in the WorkSharing Program.

**Adding Up Your WorkSharing Benefits**

**1. On the Job**

- You will receive wages equal to the number of hours you work each week.
- If you work 80 percent of your regular hours, you will receive 80 percent of your regular wages.
- You will receive your regular health insurance benefits.
- If there are changes in any of your other fringe benefits, they will be explained to you.

In order to be eligible for WorkSharing benefits, you must work or be paid for all of the hours your employer has established for the WorkSharing plan.

For example, your employer's plan may be that all employees will work 32 hours a week, instead of 40 hours.

If you miss any time during a week, working less than 32 hours – and sick leave, vacation leave or any other type of leave does not cover that time; you may not be eligible for WorkSharing benefits during that week. For instance, if you are two hours late for work and are not paid for those two hours, you will not receive

WorkSharing benefits for that week.

Your employer must schedule everyone in the affected unit for the same number of hours of work. If anyone in the unit is scheduled to work or does work more than the hours stated in the plan, the whole unit may be disqualified from receiving benefits for that week.

**2. WorkSharing Unemployment Insurance Benefits**

WorkSharing benefits are based on regular unemployment insurance benefits. The first week of your claim for which you are eligible to collect benefits is your "waiting period". Massachusetts law requires this waiting period and you will not be paid benefits for that week. There are several steps used to determine your WorkSharing benefits.

**Your Unemployment Insurance Benefit Rate**

Under WorkSharing, you will file an unemployment insurance claim.

- DUA will determine your unemployment insurance (UI) benefit rate. This is the amount of benefits you would receive if you were totally unemployed.
- To do this, DUA will need information on your earnings during the 15 months prior to filing your claim.
- The earnings during your two highest quarters will be added together, and divided by 26 (the number of weeks in two quarters) to determine your average weekly wage.
- Your UI benefit rate is one-half of your average weekly wages. Your benefit rate, however, cannot exceed the maximum set by law. The current maximum benefit rate is \$625 a week.

If you are not eligible to receive unemployment insurance benefits in Massachusetts, you will not be eligible to receive WorkSharing benefits. You might not be eligible for unemployment insurance benefits because you did not earn enough money to establish a claim or you have an active unemployment insurance claim in another state.

**Your WorkSharing Benefit Rate**

Your unemployment insurance benefit rate is used to determine your WorkSharing benefits.

- Your WorkSharing benefit rate is calculated using the same percentage in the reduction of your working hours.

- If your working hours are reduced by 20 percent, then your WorkSharing benefit is 20 percent of your unemployment insurance benefit rate.

#### Here's an example:

Worker A regularly works 40 hours a week. Her employer is reducing her hours 20 percent. Her average weekly wage was \$500.

Unemployment insurance (UI) benefit rate: \$250 a week

WorkSharing benefits

(20 percent of the UI benefit rate): \$ 50 a week

Worker A receives 80 percent of her regular wages plus \$50 a week in WorkSharing benefits.

#### Adding in Dependency Allowance

If you have dependent children, you may also be eligible for dependency allowance which is \$25 per child per week under full unemployment benefits. The amount of dependency allowance you may receive is also equal to the percentage reduction in your weekly wages.

You may be eligible for dependency allowance if you are the main support for any dependents who are:

- Under the age of 18;
- Under the age of 24 and a full-time student at an educational institution;
- Over the age of 18 and incapacitated due to a mental or physical disability.

#### Here's an example:

Worker B also works 40 hours a week, with a 20 percent reduction in hours. His average weekly wage was also \$500. Worker B has two children, 3 years old and 6 years old.

Unemployment insurance (UI) benefit rate: \$250 a week

Dependency allowance for two children: + \$ 50 a week

Total UI benefits: = \$300 a week

WorkSharing benefits

(20 percent of UI benefits): \$ 60 a week

Worker B receives 80 percent of his regular wages plus \$60 a week in WorkSharing benefits.

#### How WorkSharing Affects UI Benefits

Once an unemployment insurance claim is established, a "benefit credit" is calculated. The benefit credit is the total amount of benefits you are potentially eligible to collect during your benefit year – the 52-week "life" of a claim.

Each claim also has a "duration of benefits." This is the maximum number of weeks you are eligible to collect full unemployment insurance benefits.

#### Here's an example:

If someone had a benefit credit of \$7,500 and a regular UI benefit rate of \$250, full unemployment benefits could be collected for 30 weeks.

When you collect WorkSharing benefits, however, your benefit credit is **only** reduced by the amount of your actual WorkSharing payment.

Because your WorkSharing benefits are less than what your regular unemployment benefits would be, the potential number of weeks you can collect is extended beyond the number of weeks of your regular unemployment claim.

#### Here's an example:

Under the WorkSharing Program, workers receive a portion of unemployment benefits equal to the reduction in work hours. If the reduction in work hours is 40 percent, the WorkSharing benefits are 40 percent of the unemployment insurance benefit rate.

If the unemployment insurance benefit rate were \$250, the weekly WorkSharing payment would be \$100. This means that the potential duration of the unemployment benefits would be more than 30 weeks.

In this example, if the plan were for 20 weeks, a WorkSharing participant would have collected \$2000 of the \$7500 available for full unemployment insurance benefits. This means that \$5500 remains in the unemployment insurance claim. That money would be available for the 26 weeks remaining in the duration of the claim, if the worker became totally unemployed.

Under the law, the maximum duration of an unemployment insurance claim is 52 weeks. Any benefits remaining after 52 weeks would no longer be available.

#### You Should Also Know

You also need to be aware of other features of the unemployment insurance program.

#### If you work part-time for another employer

If you have a second job, you will need to complete a form reporting your part-time earnings. Your WorkSharing employer will have these forms. Once this form is completed, you must give it to your WorkSharing employer so that your earnings from this second job can be used to make any needed adjustment to your WorkSharing benefits.

Any wages you earn from the second job that are in excess of \$187 a week will be deducted dollar-for-dollar from your WorkSharing benefits.

**Here's an example:**

Worker A has a part-time job paying \$140 a week. Worker A would have no reduction in her \$50 a week in WorkSharing benefits.

Worker A receives 80 percent of her regular wages, her part-time earnings of \$140 a week, plus \$50 a week in WorkSharing benefits.

Worker B also has a part-time job. His job pays \$193 a week. Worker B would have a reduction in his WorkSharing benefits.

Unemployment insurance (UI)

benefit rate: \$250 a week

Dependency allowance for two children: + \$ 50 a week

Total UI benefits: = \$300 a week

WorkSharing benefits

(20 percent of UI benefits): \$ 60 a week

Amount of part-time earnings

in excess of \$187 — \$ 6 a week

Worker B receives 80 percent of his regular wages, his part-time earnings of \$193 a week, plus \$54 a week in WorkSharing benefits

**Unemployment insurance benefits are taxable**

Your WorkSharing benefits will not be taxed when you receive them, but you will need to report your WorkSharing benefits when you file your income taxes.

You will receive a Form 1099G in the mail during January that will tell you the total amount you received in benefits during the prior year. Include this amount in your federal and state tax returns.

**Prior unemployment insurance overpayments**

If you received unemployment insurance benefits to which you were not entitled and you did not voluntarily repay these benefits to DUA, your WorkSharing benefit will be taken to recover any overpaid amount until that balance has been paid.

**What Your Employer Needs To Do**

Your employer will submit a plan to the Division of Unemployment Assistance (DUA) online. Within 15 business days, DUA will notify your employer if the plan has been approved. DUA requires a three week lead time for the application process. If it is not approved your employer may submit another plan. Below is the information your employer must give to DUA.

Your employer must:

- Specify the unit or units that will participate in WorkSharing. These employees must work in a clearly defined group. The group can be the entire company, a facility, department, shift, job function or another definable unit with at least two employees.

- Certify that the reduction in work hours is in lieu of layoffs, and give the reason for the expected duration of the work reduction.
- Decide in advance the duration of the WorkSharing plan. It can range from one to 26 weeks. The beginning and end dates must be specified. Because unemployment insurance benefits are paid for weeks beginning on Sundays and ending on Saturdays, the plan must have a Sunday start date and a Saturday end date.
- Identify the employees in the affected unit by name, social security number, the normal weekly hours of work, and the proposed reduction in working hours. All employees in the affected unit must be included in the WorkSharing Plan and all must have the same reduction in hours.
- Apply the plan to only full-time or permanent part-time employees. Seasonal employees may not participate in WorkSharing.
- Get agreement for the plan from the union, if the workers are covered by collective bargaining. When the WorkSharing application is filed, the signatures of the appropriate union officials will be needed.
- Ensure that the reduction in the normal weekly hours is shared equally by all workers in the defined unit or units. The reduction in hours may range from 10 percent to 60 percent.
- Continue to provide the same health insurance benefits to the employees in the affected units. This means that their health insurance benefits cannot be changed because of their reduced hours of work.
- Continue to provide retirement benefits (under a benefit pension plan as defined in Section 3 (35) of the Employee Retirement Income Security Act of 1974) to any employees participating in WorkSharing. Any change in retirement benefits must be explained.
- Agree to furnish all reports and information necessary for the administration of the plan, and permit DUA access to all records that are necessary to verify and evaluate the plan.
- Be up-to-date with unemployment contributions, payments in lieu of contributions, interest or penalty charges due to the Division of Unemployment Assistance.

WorkSharing can be found on the Division of Unemployment Assistance web site at [www.mass.gov/dua/employers](http://www.mass.gov/dua/employers)